

# Information Technology Acquisition Strategies

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# State's Approach to IT Acquisitions

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# Business Needs Come First

- IT supports government operations and services.
- Cost-effective IT investments must be driven by the State's business and program needs, not solely by the technology. At the same time, the availability of IT solutions shapes and guides business process planning and re-engineering.
- Statewide strategies must be guided by broad input, drawing upon the knowledge, vision and most effective practices of successful public, private and educational organizations.
- Organizational leadership and management is both a science and an art.

# Funding

- Currently:
  - ◆ Development of Feasibility Study Report.
  - ◆ If FSR approved and if necessary, development of Budget Change Proposal.
  - ◆ Budget process.
- Under consideration by Finance:
  - ◆ “Business Change Request”. Combines functions of FSR and BCP, thereby compressing timeframes, with focus on business case justification.
- Continuing problem: Budget Cycle Deadlines Don’t Match Project Development Timeframes
  - ◆ Idea: Annual appropriation to “Government Improvement Fund” with expenditures contingent on approval by Joint Legislative Budget Committee.

# Procurement Vehicles & Approaches

- Existing vehicles:
  - ◆ CMAS, Master Awards, RFP, Non-Competitive Bid, Western States Contracting Alliance
- Performance-Based Contracting

# Procurement Vehicles: Performance-Based

- Overall Goal: Manage integration or development project contract risks and create incentives for successful performance by providing payment only as value to the State is actually received and realized.
- Performance-based contracts should have the following characteristics:
  - ◆ Specify business outcomes to be achieved, not the solution to be provided. W&I 10083 (c)(2).
  - ◆ Structure the plan to maintain maximum vendor commitment to project success and minimize risk to the state by sharing risk with the private sector. W&I 10083(c)(5).
  - ◆ Utilize “best value” evaluation methods, which means to select the solution based upon achieving the best solution based on business performance measures not necessarily the lowest price. W&I 10083(c)(6).
  - ◆ Base payments to the vendors primarily on achieving predefined performance measures. W&I 10083(c)(8).

# Contract Awards & Protests

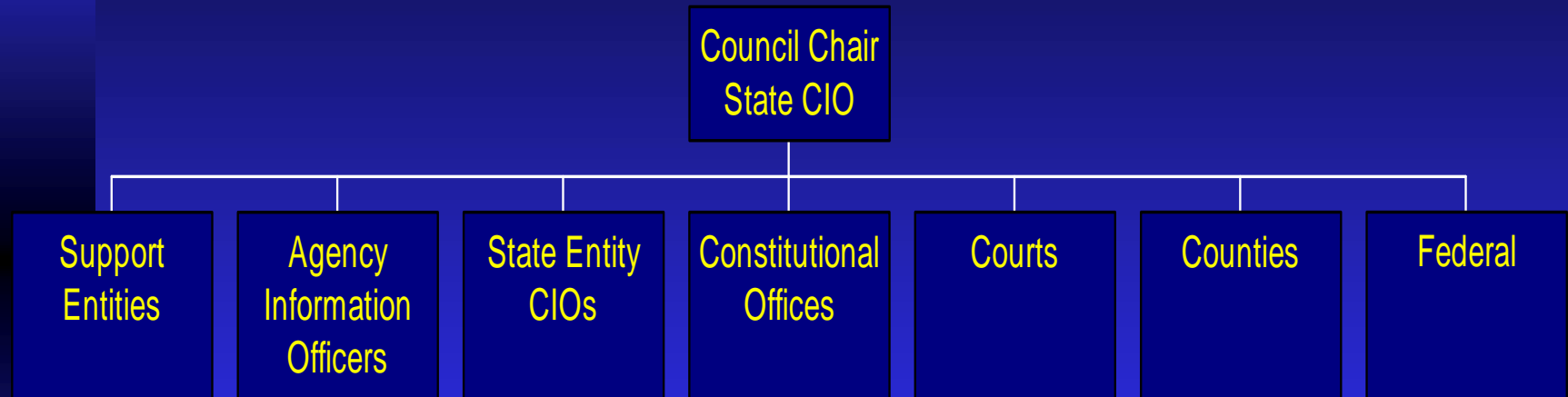
- Best Value
- Best And Final Offer – Pub. Contr. 6611
- Protest Process
  - ◆ Multiple bases for protests depending on type of procurement.
  - ◆ Simplify and streamline protest process.
  - ◆ Reduce litigation. There should NOT be a due process right to a government contract.

# Governance: IT Council

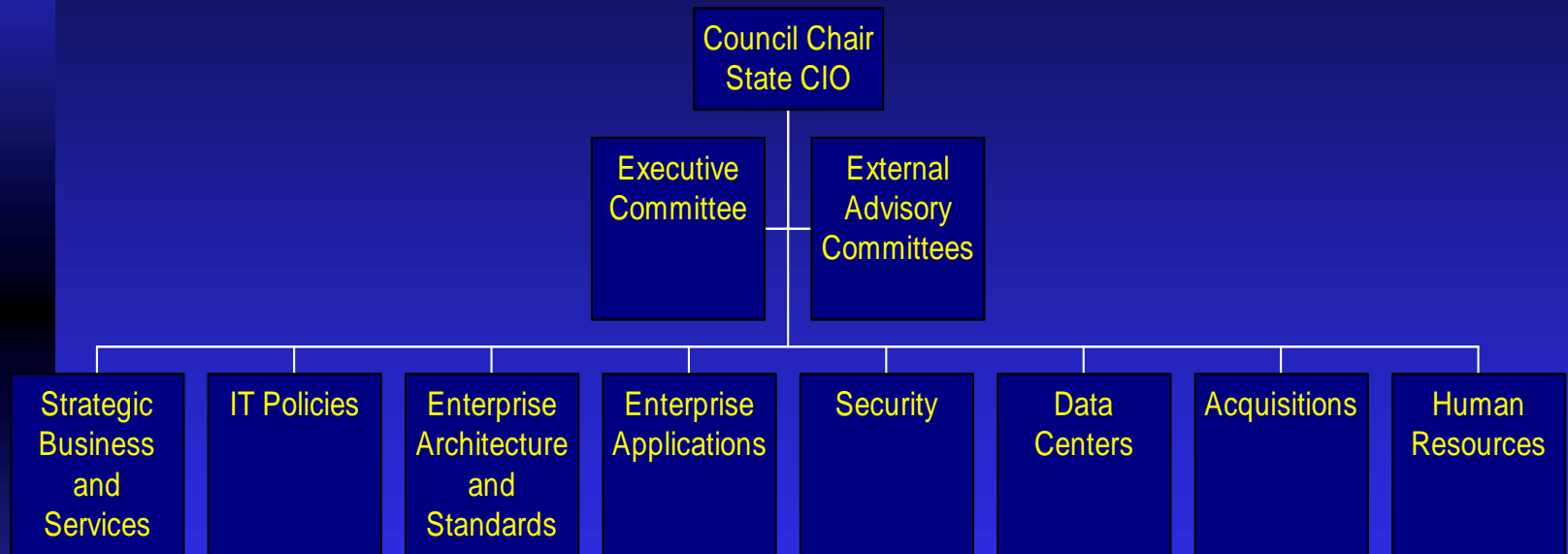
- The IT Council advises the State CIO on matters related to IT in the Executive Branch, including the development of statewide IT strategic plans and the adoption of enterprise-wide IT standards and policies.
- Membership including executive-level representatives from state, federal and local government.
- Collaborative decision-making.
- Committees, Working Groups, Advisory Committees.
- See [www.cio.ca.gov](http://www.cio.ca.gov).



# Governance: IT Council



# Governance: IT Council



# 2004 Initiatives: Strategic Sourcing

- RFP
- Phase I – data collection and analysis
- Phase II – enterprise contracts by category
  - ◆ Performance-based compensation

# 2004 Initiatives:

## Data Center Consolidation

- Consolidation of Health & Human Services Data Center and Teale Data Center into a Technology Services Organization
- Customer-Focused, Business-Driven
- Operational Flexibility
- Server Consolidation

# 2004 Initiatives:

## Consolidated E-Mail

- Currently, departments independently acquire and manage e-mail infrastructure.
- Cost and management inefficiencies, and security vulnerabilities.
- At April 30 meeting, consistent with California Performance Review recommendation, IT Council unanimously adopted a “Policy Statement on Responsibility for Messaging Systems” to consolidate acquisition and management of e-mail.
- Pilots in three departments.
- Enterprise procurement (possibly performance-based)

# Lessons Learned About Leveraged Acquisitions

- To leverage our buying power, we need to buy as though we are a single organization – a true “Executive Branch.”
- To buy as though we are a single organization, we have to operate as a single organization.
- To operate as a single organization, we need to
  - ◆ adopt enterprise-wide standards and processes (e.g., consolidation of e-mail), and/or
  - ◆ change our organizational structure (which is siloed) and organizational culture (which is balkanized).